

DUCKS
UNLIMITED
INC.

WESTERN REGIONAL OFFICE

3074 Cold Canal Drive
Rancho Cordova, California 95670-6116
(916) 852-2000
(916) 852-2200 Fax

May 1, 2002

Mr. Dan Ray
CALFED Bay-Delta Program
1416 Ninth Street, Suite 630
Sacramento, CA 95814

Re: 2002 PSP Proposal #59: White Mallard Dam and Associated Diversions – Phase III Construction

Dear Mr. Ray:

This letter is in response to review comments forwarded on White Mallard Dam and Associated Diversions – Phase III Construction Proposal specifically the Technical Review Panel Comments. Although recommended by the Regional Panel for partial funding, it appears that the Proposal was subsequently not recommended due to the interjection by the Technical Panel of a water exchange issue that was part of a prior project to build a Sacramento River pumping plant for RD 1004. Although this water transfer was investigated, the concept was rejected and was never part of the planning for the Butte Creek/White Mallard Project. Attached are the minutes from a subsequent meeting of the involved parties that discusses the transfer issue reaching the conclusion that the proposed transfer was previously adjudged not viable due to the low priority of the Butte Creek water right and that the transfer should not influence any future Butte Creek diversion designs. It appears that had the Technical Review Panel been aware of this information that they would have concurred with the findings of the Regional Panel and recommended the Proposal for one of the recommended categories.

In response to other issues noted in the review comments: 1) No water quantities discussed in the Proposal: The water quantities for each of the proposed diversions were clearly presented in the preliminary engineering details that were submitted as part of the Proposal; 2) Questions raised by the Regional Panel with respect to structural and operational issues: These issues can be best be dealt with through the grant contract process or as part of a Directed Action scope of work.

Given the above clarification of issues surrounding the rating of the White Mallard Dam and Associated Diversions – Phase III Construction Proposal as “Not Recommend” we request that you reconsider your findings and amend your rating for the Proposal to a “Directed Action” Category. Thank you for the consideration.

Sincerely,

Olen Zirkle, Jr.
Project Manager
Lower Butte Creek Project

**Reclamation District 1004
Princeton Pumping Plant Fish Screen /
White Mallard Dam and Associated Diversions
Meeting Minutes**

Meeting Date: April 11, 2002
Meeting Subject: Sacramento River / Butte Creek Diversions
Attendees: Stephen Sullivan, Ensign & Buckley Consulting Engineers
Jack Baber, Reclamation District 1004
Paul Ward, California Department of Fish and Game
Tracy McReynolds, California Department of Fish and Game
Bill O=Leary, U.S. Bureau of Reclamation
Bill Dutton, U.S. Bureau of Reclamation
Rick Wantuck, National Marine Fisheries Service

1. Background

Stephen Sullivan:

- < Meeting requested by Rick Wantuck, National Marine Fisheries Service
- < Purpose of meeting was to review the conditions contained in the existing Reclamation District 1004's (District) Princeton Pumping Plant (Sacramento River Diversion) funding agreement, related to a potential exchange of Butte Creek/Sacramento River water, and to discuss their impact, if any, upon the proposed design for the District=s Butte Creek Diversion facility design.
- < Intent is to answer any questions related to this issue prior to finalizing the design for the District=s Butte Creek facility.
- < Reviewed the existing agreement conditions, with relevant paragraph stating The Recipient (District) agrees to explore and continue good faith negotiations and exchanges of proposals with the resource agencies and with Reclamation, toward the goal of entering into an agreement mutually agreeable to all parties to provide quantities of water to be forgone from Butte Creek in exchange for quantities of water diverted from the Sacramento River which may be equivalently useful and valuable to the Recipient.@
- < This condition provides for funding from the Bureau for the sixth pump at the Princeton Plant if the exchange can be accomplished. The District has already funded the purchase of this pump.
- < Discussed negotiations that occurred with Paul Ward, Department of Fish and Game during the planning process for the Butte Creek facility. Based upon evaluations of District=s available Butte Creek water, it had been concluded that there would not be water available in Butte Creek during critical periods to make an exchange of Butte Creek water for Sacramento River water viable.

Paul Ward:

- < Clarified that Butte Creek water was desired by the resources agencies in Spring and Fall.
- < Based upon his research, the District's Butte Creek water rights are low priority and therefore could not provide added flow during critical conditions.

2. Discussion

- < Rick Wantuck concurred that the planning process complied with the conditions of the agreement.
- < Rick asked about process of maintaining minimum in-stream releases. Paul described process and enforcement and along with Jack Baber stated that maintaining minimum in-stream releases past the District's facilities has not been a problem.
- < Rick agreed that the exchange of water did not appear viable and therefore should not affect the Butte Creek project.
- < Bill O' Leary concurred that the agreement condition only required that the Bureau reimburse District for 50% of the direct cost of the sixth pump at the Princeton Pumping Plant if an exchange of water was negotiated. -

3. Design Review

- < Reviewed alternatives evaluated during the development of the design for the District's Butte Creek Diversion.
- < The Selected Alternative consolidates the District's diversions into one facility that is located where Drumheller Slough provides a return to Butte Creek.
- < Discussed the source of flows needed to provide positive return to Butte Creek. Some flow (10cfs) will be provided via the juvenile bypass and can be supplemented via spillway upstream of diversion facility entrance. Paul stated that return flow can be provided using Butte Creek in-stream flows.
- < Operation of facilities to be based upon approved operating criteria.



*To promote the economic, social and environmental viability of Northern California
by enhancing and preserving the water rights and supplies of our members.*

May 10, 2002

Mr. Patrick Wright
Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

RE: CALFED ERP 2002 PSP Selection Panel Recommendations

Dear Patrick:

The Northern California Water Association (NCWA) is very concerned with the CALFED Ecosystem Restoration Program 2002 PSP Selection Panel Recommendations. We are particularly concerned with the apparent disregard for local input from the Sacramento Valley.

As you know, NCWA represents 68 water suppliers and individual farmers who collectively irrigate 860,000 acres of fertile Northern California farmland. Several of our members also deliver water to state and federal wildlife refuges and a large portion of this land serves as important seasonal wetlands for migrating waterfowl, shorebirds and other wildlife.

We were generally pleased with your utilization of regional panels as part of the Ecosystem Restoration Program (ERP) project selection process, although we believe the earlier CALFED process, including the ecosystem roundtable, was a more meaningful process to assure local and regional input. For regional strategies to succeed in the CALFED process, CALFED must be diligent to assure that projects, including projects to benefit the ecosystem, are locally generated from within the region and have broad local support.

To start, we strongly endorse the selection panel's determination to fund the Meridian Farms Water Company's Positive Barrier Fish Screen Project and the Yuba County Water Agency (YCWA) Narrows 2 Powerplant Flow Bypass System, and partially fund the Sutter Mutual Water Company Tisdale Positive Barrier Fish Screen and Pumping Plant and YCWA's Yuba Goldfields Fish Barrier Replacement Project. These are examples of CALFED support for regional priorities. The regional panel identified each of these projects as "high" priority.

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On the other hand, our concerns arise from the full or partial funding totaling \$2,216,447 for four projects ranked as "low" priorities by the Sacramento regional panel. Local interests determined that the projects would provide limited or no local value, did not reflect regional priorities, or were poorly written. But, this evaluation was overridden and the projects were nonetheless funded. The funding of these projects does not reflect the role local support should play in the CALFED process as directed in the Record of Decision (ROD).

59 Our frustration with the selection of these projects is compounded by the fact that there were 19 projects the regional panel determined to be "high" priorities that were not recommended for funding by the CALFED Selection Panel. There are six projects that were not recommended for funding that are of special concern to NCWA. These projects provide considerable regional benefits and, as a result, the Sacramento regional panel considered most of them "high" priorities. The projects include Ducks Unlimited White Mallard Dam and Associated Diversions Phase III Construction, Orland Unit Water Users' Association Northside Diversion Dam Fish Passage Feasibility Study, Pleasant Grove-Verona Mutual Water Company Positive Barrier Fish Screen Design and Environmental Review, Reclamation District No. 108 Wilkins Slough Positive Barrier Fish Screen Sediment Removal Project, Tehama-Colusa Canal Authority Fish Passage Improvement Project at the Red Bluff Diversion Dam, Phase III, and YCWA Narrows 2 Powerplant Intake Extension.

The next step in the selection process--distributing the remaining ERP funding to "Considered as Directed Action" projects--provides CALFED with an opportunity to better incorporate regional panel recommendations in the decision-making process. NCWA is particularly interested in three projects that are "Considered as Directed Action," the M&T Chico Ranch/Llano Seco Fish Screen Facility Short-term/Long-term Protection Project, the Natomas Mutual Water Company American Basin Fish Screen and Habitat Improvement Project, and Reclamation District No. 108 Consolidated Pumping Facility and Fish Screen. Each of these projects received a "high" priority ranking by the Sacramento regional panel, and each is specifically designated as a priority in the Ecosystem Restoration Program Draft Stage 1 Implementation Plan (August 2001).

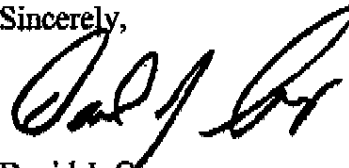
The "Consider as a Directed Action" category also includes three projects that received a "low" rating from the Sacramento regional panel. They are S.P. Cramer & Associated, Inc. Assessment of Life-History Characteristics and Genetic Composition of *Oncorhynchus mikiss* Throughout California, The Nature Conservancy's Implementing a Collaborative Approach to Quantifying Ecosystem Flow Regime Needs for the Sacramento River, and U.S. Geological Survey Assessing the hazards of mercury and selenium to the reproductive success of birds. As was the case with funded projects receiving a "low" priority rating from the Sacramento Regional Panel, these projects were determined to provide limited or no local value, did not

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reflect regional priorities, were poorly written, or were already being performed through another CALFED program.

As CALFED moves forward with the remaining funding selections for the 2002 PSP and into future funding cycles, we hope that it will reexamine the regional panels and other local input from the Sacramento Valley and, as a result, regional priorities in the CALFED EPR will receive the appropriate consideration as part of the selection process.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Guy", written in a cursive style.

David J. Guy
Executive Director

cc: Dan Ray